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DEPARTMENT OF FINANCE
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March 12, 2013

REVENUE MEMORANDUM ORDER NO. 7-2013

SUBJECT : Prescribing the Endorsement of Fraud Cases Discovered in the Processing and Issuance of Certificates Authorizing Registration (CARs) and Tax Clearances (TCLs); and Amending the Manner and Procedures in the Issuance of CARs and TCLs for Transactions or Transfers within the Area of Jurisdiction of Revenue Region No. 1

TO : All Internal Revenue Officials, Employees and Others Concerned

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Under Revenue Memorandum Order (RMO) No. 15-03 dated May 8, 2003, the approval and issuance of Certificates Authorizing Registration (CARs) and Tax Clearances (TCLs) covering transactions subject to Final Capital Gains Tax on sale of real properties considered as capital assets, Capital Gains Tax on the net capital gain on the sale, transfer or assignment of stocks not traded in the Stock Exchange, Expanded Withholding Tax on the sale of real properties considered as ordinary assets, Donor's Tax, Estate Tax and other taxes including Documentary Stamp Tax related to the sale/transfer of properties, are lodged with the Revenue District Officers (RDOs), being the Head of the One-Time Transactions (ONETT) Team, or the Assistant Revenue District Officers (ARDOs) when designated as the Head of the ONETT Team.

It has come to the attention of this Office that there is a proliferation of anomalous ONETT-related incidents particularly within the area of jurisdiction of Revenue Region No. 1 comprised of Revenue District Offices Nos. 1 - Lacag, Ilocos Norte, 2 - Vigan, Ilocos Sur, 3 - San Fernando, La Union, 4 - Calasiao, West Pangasinan, 5 - Alaminos, West Pangasinan, and 6 - Urdaneta, East Pangasinan. These incidents include the use of fake CARs and TCLs, manipulations of Tax Declarations of real properties, underdeclaration of consideration in sale and other transactions, and misrepresentation as to the transferors' status (e.g., making it appear as living when in fact dead or single when in fact married).

In order to ensure the proper payment and collection of taxes due and the issuance and use of valid CARs and TCLs, the following guidelines shall be observed:

A) *For All Offices Processing, Issuing and Reviewing CARs and TCLs* –

All Revenue District Offices, Assessment Divisions in the Regional Offices, and all other offices lodged with the function of processing and issuance of CARs and TCLs shall, upon discovery of evidence of fraud in the course of processing or evaluating new applications for CARs or TCLs, or those that have been previously issued, immediately transmit the docket of the case together with a report on the initial findings to the

corresponding Special Investigation Division (SID) of their Revenue Regions, for investigation under the RATE Program. However, for transfer of properties valued at Ten Million Pesos (Php10,000,000) or more, or for series of transactions considered fraudulent which are deemed perpetrated by the same group of persons, the docket of the case shall be transmitted to the National Investigation Division (NID) together with the report on the initial findings. A copy of the report on the initial findings shall also be transmitted by the concerned office to the Offices of the Deputy Commissioner for Legal and Inspection Group, and for Operations Group.

B) *For CARs and TCLs for Transactions and Transfers within the Area of Jurisdiction of Revenue Region No. 1 –*

1. The Commissioner of Internal Revenue shall sign/approve all CARs and TCLs covering transactions and transfers within the area of jurisdiction of Revenue Region No. 1 of the Bureau.

2. For this purpose, the process of receiving, processing, evaluating and recommending for the approval/disapproval of applications for CARs and TCLs under RMO 15-2003 shall continue to be observed. However, the concerned Revenue District Officers or Assistant Revenue District Officers under Revenue Region No. 1 shall only affix their initial (to signify their recommendation for approval) in the subject CARs or TCLs, and shall forward the applications and corresponding dockets to the Office of the Commissioner of Internal Revenue, through the Revenue Regional Director, for final approval by the Commissioner.

The provisions of RMO 15-2003 and all other revenue issuances that are inconsistent with this Order are hereby revoked, modified or amended accordingly.

This Order shall take effect immediately and shall continue to be in force until revoked or amended.

Strict compliance herewith is enjoined.

KIM S. JACINTO-HENARES
Commissioner of Internal Revenue

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